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THE CHANGING FACE OF INTERNATIONAL TRADE

The following passages are from a recent address by Prime Minister L.B. Pearson to the twenty-second World Congress of the Junior Chambers of Commerce in Toronto:

...The post-war years have been a period of dynamic development in world trade - in its growth, its character and its direction. Trade increased by unprecedented amounts. Equally important, its character has changed. Exports of manufactured goods have grown at nearly triple the rate of primary products and double that of industrial materials. Unfortunately, under-developed and poor countries don't manufacture much, so they haven't shared in this increase.

Among the more important long-run factors affecting the flow of world trade since the war have been a wide range of technological developments and the initiative of businessmen in applying them. These have fundamentally altered methods of producing and distributing goods and the means of communicating with one another.

Another important factor has been the multi-lateral trade and payments system and the substantial reduction of tariffs and other restrictions to trade which it has brought about. The world trade liberalization, which has been achieved over the last 20 years, has been an outstanding example of fruitful international co-operation. Under the auspices of GATT..., six major rounds of trade negotiations have been held. The latest, and by far the most important in this series - the Kennedy Round - was concluded on June 30. Its results could have a very great effect on the world-trading framework in coming years and

lead to a greater flow of international trade than ever before, to the benefit of all countries.

But the working out of the Kennedy Round arrangements takes time and patience and an understanding of long-range advantages, as opposed to short-range difficulties. Many of the tariff reductions, particularly in industrial goods, will be phased over a four-year period. During this time, we will need to be alert to attempts to unravel the package, so painstakingly put together by the trade negotiators in Geneva.

CONCERN OVER RESTRICTIVE ACTION

We know that there are some who would like to see a retreat from the Geneva agreements. To this end, various trade-restrictive proposals have recently been introduced into the U.S. Congress which, for one thing, would impair the concessions exchanged between Canada and the United States in the Kennedy Round, relating to a volume of trade that is greater than that between any two countries in the world. The Canadian Government have viewed this development with concern and have expressed that concern to the U.S. Government. Obviously, if this kind of restrictive action were taken in Washington, Canada as well as other trading nations, would have to re-examine the concessions which they granted in Geneva. It would be difficult to prevent compensatory withdrawals of such concessions. This would damage trade and, indeed, other relations between our own two countries. It would also be a grievous and perhaps fatal setback for further world efforts to promote freer trade. So much is at stake - economically and poli-

tically. I am happy to say that the concern I have mentioned is shared by the U.S. Administration, as it is in other capitals.

The United States Government has assured the Canadian Government of their continuing support for a liberal trade policy and has pointed out that the U.S. Secretary of State and several members of the President's Cabinet have testified to this effect in recent Congressional Committee hearings.

Even if the Kennedy Round arrangements are all successfully put into operation, there will be a great deal more to do to promote international trade. The Kennedy Round was not the end of the road, though it was a most important milestone along the way. Nor will it be easy going.

NEW BARRIERS, NEW TECHNIQUES

More and more, trade discussions have to deal with a variety of new and complicated barriers. So new techniques of negotiation will be needed. Whole sectors or industries must be approached on a broad international front. Generally, these industries are characterized by high levels of capital investment, advanced technology, large-scale production and, not infrequently, widely dispersed international operations.

Unfortunately, another frequent characteristic of these industries is that non-tariff, as well as tariff barriers, can, and do impede international trade. The approach to their removal raises complex and difficult questions about relations between government and business and between groups of producers in various countries.

There are also the trade and development problems of the low-income countries, which seem to be far away from solution as ever. Nor is their solution a matter of international charity. It is one of hard-headed concern by the developed countries for their own growth and stability. This concern should lead, and in some cases has led, the developed countries to agree to remove trade barriers affecting products of low-income countries, without asking for full reciprocity. The need for this is shown by the fact that the share of the under-developed countries in world trade has been falling at the very time that the flow of aid funds has levelled off and, indeed, threatens to be reduced. In other words, the gap between the developed and under-developed countries is widening, instead of narrowing.

Less aid and less trade could be a catastrophic combination, not only for the developed countries, but for the world. It would mean that, while we are conquering outer space, in our own living space we are losing the war against poverty and hunger and disease. These have been the enemies of man since the beginning of time.

Yet, despite all of our boasted technological triumphs, they maintain today their tyranny over two-thirds of the world's population. This confronts us with a new kind of challenge for a new kind of enterprise based both on creative compassion and enlightened self-interest. It is not a struggle of man against man, but of man joining with man in united action against a mounting threat to the stability and the security of all mankind....

MARKET ACCESS FOR POOR NATIONS

Direct assistance in the form of aid is only one method by which we can assist impoverished countries — and not the best. More important is to give easier access for the developing countries to the markets of the more prosperous countries, thereby helping them to become stronger and more productive. It is clear that only greater export earnings will provide these countries with the funds required for these purposes. There is little logic in encouraging the industrialization of under-developed countries through technical and other forms of aid and, at the same time, imposing restraints on imports of the products that they can produce on competitive basis. So further progress in the reduction of barriers to trade must be on a world-wide basis with special consideration for under-developed countries. I have mentioned one threat to such progress. It could be hindered also by the establishment of new and regional trading groups, which are discriminatory and exclusive in their orientation.

Movements toward economic integration can have important and beneficial political advantages, and economic advantages. But, if discriminatory and inward-looking, and whether formed on a European, North American or any other regional basis, they are no answer to the problems of either the developed or the under-developed world.

Discriminatory trading arrangements within such groups could bring about a substantial distortion of the whole international trading system. That would be a wasteful and uneconomic development.

More serious is the danger of political frictions which would arise from a significant distortion of traditional trade patterns, frictions which would intensify if other countries entered — as they would — into special trading arrangements devised as measures of defence and retaliation.

Governments, I don't need to tell you, now play a major, and indeed an increasing role in these matters of economics and trade and finance....

But government cannot, and should not, alone attempt to command the whole course of our economy, any more than government should attempt to do jobs that business can do better. It must be a joint effort — public and private — to promote our economic and our social well-being. In that effort, the role of government is essential. But it is to private enterprise and initiative that we must continue to look for the driving force in our economy that makes for progress....

A-ENERGY INTEREST GROWING

Information centres on atomic energy are becoming popular with the Canadian public. The Public Information Centre of Atomic Energy of Canada at Chalk River, which opened in June, received some 12,000 visitors before closing at the end of September, and is still open on demand for groups or special events. The Centre at the Douglas Point power-station received more than 21,000 visits this summer.

JAPANESE CAR PLANT IN CANADA

Mr. C.M. Drury, Minister of Industry, announced recently that the Government had brought into effect tariff arrangements that would enable Canadian Motor Industries Limited to assemble automobiles in Canada at its new plant in Cape Breton Island, Nova Scotia. The arrangements entered into with CMI are similar to those under which other vehicle assemblers are operating in Canada, and have been extended to the new company by Order-in-Council.

Canadian Motor Industries is licensed to produce certain cars of Japanese make in Canada. The first model that will be produced in the new plant is the Isuzu *Bellett*, a four-door sedan. The company plans to add other models to its operations. Components are being purchased from Canadian parts-makers, and other parts will be imported from Japan. Domestic and imported parts will be assembled in the Cape Breton plant.

Initially, the company will employ 40 workers, but this number will increase as output expands. The capacity of the plant is 3,000 vehicles a year. The company has a franchise to export to certain other countries.

FRANCE-CANADA DEFENCE RESEARCH

The Secretary of State for External Affairs, Mr. Paul Martin, has announced that France and Canada had agreed on arrangements intended to facilitate co-operation in defence research, development and production. These arrangements provide for periodic meetings of senior officials of both governments, as necessary, in either Canada or France, to develop specific programmes in the spheres of defence research, development and production.

HANDICAPPED REFUGEES PROJECT

The Department of Manpower and Immigration recently announced that arrangements had been made with eight provincial governments to bring to Canada 50 handicapped refugees and their families each year. The participating provinces are Newfoundland, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan and Alberta.

Tuberculosis sufferers will constitute the majority, but other handicapped refugees who are expected to be self-sufficient eventually, will also be included in the special programme.

Costs of transportation and initial settlement, as well as of subsistence until the families become established, will be borne by the Federal Government. The provinces will, in general, provide hospitalization and treatment to the handicapped members of each family. New Brunswick will share treatment costs with the Federal Government.

Renewed participation in the programme will be discussed with the provinces each year. Medical

documents and case reports of each refugee family will be provided to the provinces before the families are brought to Canada.

More than 300 tubercular refugees and about 500 members of their families brought to Canada under the World Refugee Year Programme between December 1959 and March 1961, have made a successful adjustment to Canadian life. Most of this group have now entered the labour force and are making their contribution to the economy of the country.

MARINE TRAFFIC PLAN ACCEPTED

Transport Minister Paul Hellyer announced recently that the assembly of the Inter-Governmental Maritime Consultative Organization (IMCO) had adopted unanimously a Canadian proposal aimed at increased safety in marine-traffic control in the waters of member countries.

The proposal, put forward at the fifth Assembly of the IMCO in London, recommended the amendment of the Safety of Life at Sea Convention (SOLAS) so that a member country that operated a marine-traffic control network could require the ships of other signatory countries to be fitted with very high frequency (VHF) radio-telephone equipment of a specified standard, for use in waters where marine-traffic control was in use.

The Canadian proposal won support from the Assembly delegates, but will not come into force until it has been ratified formally by a two-thirds majority of the SOLAS Convention membership. The backing of the delegates indicated, however, their approval of the step taken by Canada earlier this year in establishing a VHF radio-traffic control system on the St. Lawrence as a safety measure. While Canadian ships already have this equipment, not all foreign vessels are so equipped and the Transport Department has been making VHF "walkie-talkie" equipment available to them while they have been in the St. Lawrence traffic-control sector.

Other amendments to the Safety of Life at Sea Convention adopted by the Assembly included new provisions for fire protection for passenger ships built in the future. These will also come into effect following ratification by the required majority of convention signatories.

Canada was re-elected to the IMCO Council with an impressive vote. Fifty-two of the 66 member nations voted on council membership and of that number, 43 supported Canada.

AWARDS TO ART GALLERIES

The Canada Council recently announced six grants to help restore Canadian works of art.

The Willistead Art Gallery in Windsor, Ontario, receives \$10,000 towards the purchase of a series of water colours by George Heriot, an artist who was at one time Deputy Postmaster General of Canada

and whose paintings of Indian life in the early nineteenth century are of considerable historical and artistic value. The prints were found for sale in a New York gallery.

A grant of \$61,000 goes to the Winnipeg Art Gallery for exhibitions, extension services, restoration work and library acquisitions. The 20/20 Gallery, London, Ontario, receives \$2,500 for exhibitions in 1967-68; and the Beaverbrook Art Gallery, Fredericton, New Brunswick, is awarded \$500 to develop a slide collection.

The Atelier libre de Recherches graphiques, a studio for Montreal artists to experiment and produce prints, receives an award of \$9,000 for its operations in 1967-68, and an additional \$5,000 towards the expenses of producing 20 prints by Canadian artists.

An award of up to \$5,000 goes to the Royal Architectural Institute of Canada for a study preparing for a national architectural archives.

SAFETY WARNING REFLECTOR

Following rigorous testing by the Department of National Defence, one of the newest safety devices used on Canadian highways has been adopted by the Armed Forces. The Safety Red Triangle, an advance-warning apparatus, is for use when a vehicle is disabled on the road. It does not need batteries, bulbs, fuel, has no breakable parts and requires no upkeep.

The light-reflecting triangle was conceived by the United Nations Convention on Road Traffic and can be dropped, bent or even severely damaged without loss of efficiency. Standing 16½ inches high and made of light, rust-resistant metal, it can be seen by oncoming motorists from as far as a quarter of a mile.

CANADIAN FORESTER IN KENYA

Dr. H.D. Griffin, a forest pathologist employed by the federal Department of Forestry, is investigating fungal decay in conifers native to East Africa. He arrived at his base in Kenya in September 1965 to continue the work begun by two previous forest pathologists.

Dr. Griffin's major project involves *Stereum sanguinolentum*, a type of fungus that appears in North America as well as in Africa. Study has been concentrated on the identification of fungal infection, its distribution, the susceptibility of different coniferous and hardwood hosts to it, its potential as a root disease organism and the rate of decay and points of entry of fungus into the tree.

FIELD EXPERIMENT

Research in Africa is often more complicated than comparable projects in Canada. Tree trunks that have been damaged, for example by elephants rubbing

against them, are more vulnerable to fungal infection, and allowance must be made in experiments for this condition, though game moats surrounding tree-plantations help alleviate the problem. In July 1965, a field experiment was set up at Kinale in which wounds simulating damage by elephants were made on pine trees. No infection was detected by March 1966 in the experimental tree wounds because a thick coat of resin had been produced on the trees, which had protected the simulated wounds. Elephant damage often results in very large wounds, which trees are unable to protect with resin.

Dr. Griffin is working under the auspices of the Food and Agriculture Organization in co-operation with the East African Agriculture Forest Research Organization.

IRON-ORE PRODUCTION

The Department of Energy, Mines and Resources reports that iron-ore shipments reached an all-time high record of 36.2 million tons in 1966, valued at \$419 million. This was the fifth consecutive year that shipments had increased, but the rise of slightly less than 2 per cent was the smallest for any of the five years and reflected reduced exports to Belgium-Luxembourg, Britain, West Germany and Japan. Shipments to Italy, the United States and domestic consumers increased and more than offset reductions in some offshore exports. Labour strikes during 1966 interrupted production in six companies; most strikes were of short duration, but that in British Columbia of Brynnor Mines Limited, which began in July, remained unsettled at the end of the year.

Annual iron-ore production capacity in Canada at the end of 1966 was 46 million tons, which includes 15.6 million tons of pellet capacity.

INTERNATIONAL TRADE

Trends in international iron-ore trading patterns are important to the Canadian iron-ore industry because of its dependence on exports for the bulk of its sales. The U.S., Britain, Japan and Western Europe constitute Canada's largest present and potential export markets. The domestic market, which is about 10 million tons a year, supplied mostly by Canada and the U.S., is also a very important market. The participation of Canada's largest steel producer in United States iron-ore mines predates the modern iron-ore industry in Canada, which started in 1939 with the revival of operations of the site of the Helen Mine at Michipicoten, Ontario. This was followed by the opening of the deposit at Steep Rock Lake, Ontario, in 1944.

A small exporter in 1950, Canada became the world's leading exporter of iron-ore in 1963, a position maintained during 1966. Canada is by far the largest supplier to the U.S., followed by Venezuela, Liberia and Brazil. It is the second largest supplier to Britain after Sweden; Britain consumes increasing tonnages of pellets each year, most of which come from Canada.

CANADA YEAR BOOK

Articles entitled "Growth of Geographical Knowledge of Canada"; "Geology and Economic Minerals of Canada"; "The Climate of the Canadian Arctic"; "Federal Assistance in Livestock Improvement" and "Manufacturing and the Changing Industrial Structure of the Canadian Economy, 1946-65", are among the features of the *Canada Year Book 1967*. Others are: "History of the Labour Movement in Canada"; "An Outline of the Development of Civil Air Transport in Canada"; "The Development of Telecommunications in Canada" and "Canada's Participation in the Changing Pattern of World Trade, 1953-1966".

A cover that was specially designed, showing a photograph of the Peace Tower and the Canadian flag, as well as an increased number of illustrations, are among the centennial year features of the volume. Among the several colour reproductions is a panoramic view of the Parliament Buildings, photographed at night. Contrast in urban development over the years, the construction and decentralization of Federal Government buildings in Ottawa and the centennial flame on Parliament Hill are other colour highlights. A political map of Canada is enclosed in the inside-back cover pocket and a revised chart of the organization of the Government of Canada appears in the chapter "Constitution and Government".

Publication of the *Canada Year Book* and its predecessor the *Statistical Year-Book of Canada* has continued since 1867 and, today, the 1,295-page publication encompasses the mass of statistical information that has become available through the Dominion Bureau of Statistics, supplemented by social and legislative data from other federal and provincial government departments. Thus, the whole series of Year Books constitute an official record of a century of Canadian progress.

MODEL SHIPS FOR NEW MUSEUM

Models of three Canadian Coast Guard ships, which plied the waters of the "Little Sea" at the Canadian pavilion during Expo 67, are to be given by the Department of Transport to the new national Museum of Science and Technology that will open shortly in Ottawa.

The models, two of which represent Coast Guard ice-breakers now under construction, were popular with visitors to the World Exhibition, who watched in fascination as the small vessels, operated by radio from a tower on the "shore" of the little lake, cracked their way through imitation ice.

One of the models, 15½ feet long and weighing 1,100 pounds, represents a commercial ore-carrier. Another, seven and a half feet long and weighing 800 pounds, is a miniature of the triple-screw Arctic patrol icebreaker *Louis S. St. Laurent*, now being built in a Montreal shipyard. This vessel, which will be the most powerful non-nuclear icebreaker in the world, is due for completion next year, when it will go into service in Arctic and Eastern Canadian waters. The third model, about five feet long, with a

weight of 200 pounds, represents the CCGS *J.E. Bernier*, an icebreaking supply and buoy vessel that is expected to be in operation by the end of this month.

FAR EAST TRADE MISSION

Six Canadian businessmen left Canada recently on a two-week trade mission to Tokyo, Singapore, Kuala Lumpur and Bangkok. The mission, sponsored by the Department of Trade and Commerce, will investigate and assess the market potential for educational equipment and furnishings, particularly materials used in vocational training. They will also promote the services in the educational sphere offered by Canadian architectural, engineering, consulting and planning firms.

The programme includes meetings with government officials, educational administrators, United Nations resident representatives, architectural consultants, importers, wholesalers and distributors of educational equipment and systems.

DESIGN CANADA GRANTS

Fifteen successful applicants in the "1967 Design Canada" Scholarships and Grants Programme were honoured recently by Mr. C.M. Drury, federal Minister of Industry, and members of the National Design Council, at a lunch in the Parliament Buildings, Ottawa.

The aim of the Design Canada Scholarships and Grants Programme, which is sponsored by the National Design Council and the Department of Industry, is to encourage advanced training and research in industrial design in Canada. It offers scholarships of \$3,000 to students studying for their doctorates in industrial design and \$2,500 to others studying for degrees, certificates or diplomas below the doctorate level.

Qualified persons receive grants to conduct research projects directly related to industrial design, and grants are also given to institutes and organizations qualified to initiate and carry out activities promoting industrial design in Canada. The amount of financial assistance in both categories is determined by the importance of the particular project to Canadian industry.

INTERNATIONAL AIRPORT RUNWAY

An aircraft taxiway and parking apron, to be built near Creston, British Columbia, will connect with an airport across the international border at Porthill, Idaho, Transport Minister Paul Hellyer announced recently. The apron, which will be built by Creston with the aid of a \$25,000-grant from the Department of Transport, will be available for

